Addendum: for use with Maryland Life and Health online ExamFX courses and study guides version 26017en/26018en, per exam content outline updates effective 10/21/2021.

*The following are **content additions** to supplement your existing text unless otherwise indicated:*

Introduction

F. Exam Breakdown

Please note that the exam format is changing to a one-part, one overall score exam. The new exam breakdown is as follows:

Maryland Life Insurance
80 Questions (plus 10 unscored, pretest question)
Time limit: 1 hour 45 minutes

Chapter	Percentage of Exam
General Insurance	10%
Life Insurance Basics	17%
Life Insurance Policies	10%
Life Insurance Policy Provisions, Options and Riders	14%
Annuities	9%
Qualified Plans	3%
Federal Tax Considerations for Life Insurance and Annuities	7%
Insurance Regulation	30%

Maryland Accident and Health Insurance
80 Questions (plus 10 unscored, pretest question)
Time limit: 1 hour 45 minutes

Chapter	Percentage of Exam
General Insurance	9%
Health Insurance Basics	11%
Individual Health Insurance Policy General Provisions	7%
Disability Income and Related Insurance	9%
Medical Plans	14%
Group Health Insurance	5%
Dental Insurance	1%
Insurance for Senior Citizens and Special Needs Individuals	9%
Federal Tax Considerations for Health Insurance	5%
Insurance Regulation	30%

Maryland Life and Accident & Health Insurance
130 Questions (plus 10 unscored, pretest question)
Time limit: 2.5 hours

Chapter	Percentage of Exam
General Insurance	5%
Life Insurance Basics	9%
Life Insurance Policies	5%
Life Insurance Policy Provisions, Options and Riders	8%
Annuities	5%
Qualified Plans	2%
Federal Tax Considerations for Life Insurance and Annuities	4%
Health Insurance Basics	7%
Individual Health Insurance Policy General Provisions	2%
Disability Income and Related Insurance	5%
Medical Plans	8%
Group Health Insurance	2%
Dental Insurance	1%
Insurance for Senior Citizens and Special Needs Individuals	5%
Federal Tax Considerations for Health Insurance	2%
Insurance Regulation	30%

General Insurance

F. Industry Associations

The Compact and IIPRC

In 2000, members of the NAIC adopted *The Statement of Intent: The Future of Insurance Regulation* as a blueprint for significant and substantial regulatory reforms to modernize state insurance regulation. In 2002, the NAIC adopted the initial Interstate Insurance Compact Model, and the Compact was created when the first two states, Colorado and Utah, enacted the Compact legislation. In 2006, the Interstate Insurance Compact ("Compact") has established the **Interstate Insurance Product Review Commission (IIPRC)** — a multi-state public entity that serves as an instrumentality of the member states. IIPRC serves insurance regulators, consumers, and providers by improving the efficiency and effectiveness in the insurance marketplace. Up to date, the Commission has 47 member states and territories, and has adopted over 100 uniform standards.

The Compact serves as a central point of electronic filing for certain insurance products, including life insurance, annuities, disability income, and long-term care insurance that are reviewed for compliance with the **uniform product standards** developed and adopted by member states as their product content requirements. In addition, the purpose of the Compact is to promote and protect the interest of consumers of insurance products (individual and group life insurance, annuities, disability income insurance, and long-term care insurance).

Life Insurance Basics

B. Personal Uses of Life Insurance

2. Estate Creation – *topic renamed as Estate Planning; the following is the addition to the existing text*

Estate planning involves determining how an individual's assets will be preserved, managed, and distributed after death or in the event they become incapacitated. Life insurance may play a significant role in estate creation and planning. It can help ensure that beneficiaries receive assets in a way that minimizes estate tax, and any other taxes. A life insurance death benefit can also pay federal and state death taxes and other estate settlement costs. It can be used to pay debts, to provide for children's education, or to meet special financial demands of survivors.

Insurance Regulations for Accident and Health Policies

A. Types of Providers

Health Maintenance Organizations (HMOs)

As previously covered, a Health Maintenance Organization (HMO) is a health insurance plan which limits an insured's coverage to only in-network physicians. Maryland further defines HMOs to include for-profit or nonprofit corporations that

- Are developed for the sole purpose of providing availability, accessibility, quality, and effective comprehensive health care services;
- Operate in the state;
- Offer health care services that include at least physicians, hospitalization, laboratory, x-ray, emergency, out-of-area, and preventive services;
- Are compensated on a predetermined periodic rate; or
- Provide coverage for physician services either directly through physicians that are employees or partners of the HMO or under an arrangement with physicians who are organized on a group or individual practice basis.

The Maryland Secretary of State and Insurance Commissioner may adopt rules, regulations, and standards for the quality of health care services provided by a HMO. The Commissioner and Insurance Department are responsible for adopting joint internal procedures involving an HMO's actions, changes, or rearrangements, in addition to any regulatory issues that may arise from an HMO's practices.

If an HMO requires subscribers to have a referral for consultation services, the HMO must use a **mandated uniform consultation referral form** adopted by the Commissioner. HMOs are prohibited from modifying or submitting additional referral forms.

B. Plan Requirements

1. Eligibility

Medical Child Support Coverage

Courts may require that an absentee parent provide health insurance coverage for dependent children. If required, a child support agency must issue a **medical support**

notice to the insured parent, which establishes the parent's obligation to pay child support and provide health insurance coverage to a child. An insurer is prohibited from terminating coverage on a child, unless the support order is no longer in effect, the child is enrolled under another health insurance plan, the employer of the insured terminates all coverage for employees, or the employer terminates the employee.

When a medical support notice is issued, an insurer may not deny enrollment of a child under the health insurance coverage of an insuring parent because the child:

- Is born out of wedlock;
- Is not a claimed dependent on the insured's income tax return;
- Does not reside with the insured parent or service area; or
- Is receiving or is eligible for benefits under the Maryland Medical Assistance Program.

C. Long-Term Care

Suitability Including Personal Worksheet

When recommending the purchase or replacement of a long-term care insurance policy, an insurer must make reasonable efforts to assess the suitability of the sale to an applicant or policyholder. Insurers must train agents in its suitability standards and maintain a copy for inspection by the Commission.

- LTC suitability standards include consideration of the following:
- The applicant's ability to pay for the coverage;
- The applicant's goals and needs regarding coverage; and
- The values, benefits and costs of the applicant's current coverage, if any exists, compared to the same items offered by the recommended purchase or replacement.

This information must be presented to the insured/applicant in the **Long-Term Care Insurance Personal Worksheet** that is also filed with the Commission for approval. In addition to the worksheet, applicants must be presented with the **"Things You Should Know Before You Buy Long-Term Care Insurance"** disclosure form.

Insurers must provide the Commissioner with an annual report, by **March 31**, that includes the number of applications received, applicant declinations, ineligible applicants, and applicants who purchased insurance after receiving the suitability notice.

Incontestability

The incontestability period provision applies to all long-term care policies issued in Maryland as follows:

- For policies in force **less than 2 years**, an insurer may not rescind the policy or deny a claim unless the insurer can demonstrate that the applicant misrepresented information on the application that is material to the acceptance of coverage;
- Policies in force **2 years or more** are not contestable on the grounds of misrepresentation alone. They can be contested only upon proving that the insured knowingly and intentionally misrepresented relevant facts relating to the insured's health.

Continuation of Benefits

All group long-term care coverage issued in Maryland must provide an insured with the right of continuation or conversion of coverage with equivalent benefits.

When converting to an individual LTC policy, an insured must pay the initial policy premium within **31 days** of termination of group policy coverage. Coverage is issued effective on the first day following termination. An individual long-term care premium amount is based off the insured's age at the beginning of coverage under the group plan.

In the event an insured is already covered under a separate LTC policy during the conversion of the group policy, the converted policy may include a provision providing a pro rata benefit reduction and return of premium.

In the event a dependent's eligibility for coverage is terminated due to the primary insured's death, divorce, or separation, the dependent may continue or convert a group LTC policy into an individual policy.

Unintentional Lapse

To prevent the unintentional lapse of an LTC policy, the insurer must receive from the applicant either a written designation of at least one person, in addition to the applicant, who is to receive notice of lapse or termination of the policy or certificate for nonpayment of premium, or a written waiver dated and signed by the applicant electing not to designate additional persons to receive notice.

The insurer must notify the insured in writing of the right to change this written designation, at least once every **2 years**.

Individual long-term care policies may not lapse or be terminated for nonpayment of premium unless the insurer has given notice to the insured and their designee at least 30 days before the effective date of the lapse or termination.

Nonforfeiture Option

Long-term care policies issued in Maryland must include a **nonforfeiture benefit**, stipulating that an insured can receive full or partial benefits upon the lapse of a policy due to nonpayment of premium. The nonforfeiture option must be offered to the applicant and/or group policyholder. Nonforfeiture options include the following:

- Reduced paid-up insurance;
- Extended term insurance;
- Shortened benefit period; and
- Other similar options approved by the Commissioner.

In the event a nonforfeiture offer is rejected by the applicant or group policyholder, the insurer must still provide a contingent benefit upon the lapse of a policy. A contingent benefit is triggered when a policy lapses within **120 days** of a premium rate increase. An insurer must provide an insured with a notice of premium increase at least **30 days** in advance and offer either a reduction of benefits or conversion of coverage to paid-up status.

Benefit Triggers

Many individuals who require long-term care are not sick in the traditional sense. They do not require medical services, but rather need assistance with the activities of daily living (ADLs). Activities of daily living include bathing, continence, dressing, eating, toileting, and transferring.

To qualify for home care benefits, the insured must be unable to perform at least **3 of the ADLs** or suffer a cognitive impairment. Activities of daily living and cognitive impairment are used to measure an insured's need for long-term care and are described in the policy. An assessment of impairments must be performed by licensed and certified professionals.

Life and Health Insurance Guaranty Corporation

The **Life and Health Insurance Guaranty Corporation** protects Maryland residents if applicable insurers become impaired. The corporation is a private, nonprofit, nonstock business under the immediate supervision of the Commissioner and subject to the applicable insurance laws of the State. To provide funds for the Corporation, member insurers must pay assessments. All admitted insurers are required to become members of the Corporation.

For administration and corporation purposes, the Corporation must maintain the following separate accounts:

- The health insurance account;
- The life insurance account; and
- The annuity account.